Trade and Agriculture
What's at Stake for Ohio?

U.S. Department of Agriculture
Foreign Agricultural Service
October 2001

Ohio is an important producer and exporter of agricultural products. In 2000, the State's cash farm receipts totaled $4.4 billion. Ohio ranked 14th among all 50 states in 2000 with agricultural exports estimated at $1.1 billion. These exports help boost farm prices and income, while supporting about 15,700 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports remain important to Ohio's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 25 percent in 2000.

Ohio's top five agricultural exports in 2000 were:

- soybeans and products – $406.7 million
- feed grains and products – $263.9 million
- wheat and products – $153.5 million
- vegetables – $41.2 million
- live animals and meat – $39.3 million

World demand for these products is increasing, but so is competition among suppliers. If Ohio's farmers, ranchers, and food processors are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *more open access* to growing global markets.

Ohio Benefits From Trade Agreements

Ohio is already benefitting from a number of agricultural trade agreements. While there is still much to be done, examples of market opportunities for Ohio include:

- Ohio, the nation's sixth largest soybean producer, benefits under the Uruguay Round agreement as South Korea reduces its tariffs on soybean oil by 14.5 percent from 1995 to 2004. The tariff reduction has supported a threefold increase in export volume, with total sales reaching $32 million in 2000. The Philippines is reducing its tariffs on soybean meal from 10 to 3 percent during the same period. This tariff reduction has supported a 40-percent increase in U.S. soybean meal exports that topped $160 million in 2000.

- As one of the nation's largest feed corn producers, Ohio benefitted under the North American Free Trade Agreement when Mexico converted its import licensing system for corn to a transitional tariff rate quota that will remain in effect until 2008. Under this system, the volume of U.S. corn exports to Mexico has nearly tripled since 1994, reaching 197 million bushels valued at $486 million in 2000. Under the Uruguay Round agreement, the Philippines converted its import ban on corn to tariffs. This change helped support additional demand for 51 million bushels of U.S. corn from 1995 to 2000.

Ohio, the eighth largest wheat producing state, benefitted from limits set on subsidized wheat exports as a result of the Uruguay Round agreement. These limits influenced the European Union's decision to change its Common Agricultural Policy, ultimately lowering internal EU market prices to world price levels. As a result, annual EU wheat exports dropped from 22 million tons to about 14 million tons as lower market prices stimulated domestic use, and annual EU wheat imports jumped from 1.5 million tons to 4.5 million tons as the levied margin of protection fell. This translates to an 11-percent reduction in global export competition and a 3-million-ton increase in the EU market, half of which is supplied by the United States.

Under the North American Free Trade Agreement, Mexico eliminated import licensing for wheat and is phasing out tariffs. Since 1994, average annual U.S. wheat exports to Mexico have more than doubled, from 20 million bushels to nearly 50 million bushels. In 2000, exports reached 66 million bushels valued at $200 million.